



Patrick W. Henning, Director
August 19, 2008
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Arnold Schwarzenegger
Governor

Mr. Ernest B. Dowdy, Executive Director
City of San Bernardino Employment and Training Agency
600 N. Arrowhead Avenue
San Bernardino, CA 92401-1201

Dear Mr. Dowdy:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the City of San Bernardino Employment and Training Agency's (SBETA) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Ms. Karen Fuller-Ware from April 21, 2008 through April 25, 2008. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, and contract terms and agreements and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SBETA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2007-08.

We collected the information for this report through interviews with representatives of SBETA, a review of applicable policies and procedures, and a review of documentation retained by SBETA for a sample of expenditures and procurements for PY 2007-08.

We received your response to our draft report on July 28, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed finding 1 cited in the draft report, no further action is required at this time. However, this issue will remain open until we verify the implementation of your stated corrective action plan (CAP) during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 80147.

BACKGROUND

The SBETA was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, SBETA was allocated: \$804,017 to serve 166 adult participants; \$862,883 to serve 185 youth participants; and \$432,811 to serve 80 dislocated worker participants.

For the quarter ending December 31, 2007, SBETA reported the following expenditures and enrollments for its WIA programs: \$44,529 to serve 73 adult participants; \$757,877 to serve 87 youth participants; and \$17,560 to serve 20 dislocated worker participants.

FISCAL REVIEW RESULTS

We concluded that SBETA is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we concluded that, overall, SBETA is meeting applicable WIA requirements concerning procurement, we noted an instance of noncompliance in the area of contract language. The finding that we identified in this area, our recommendation and SBETA's proposed resolution of the finding is specified below:

FINDING 1

Requirement: 29 CFR Section 97.36(i)(3) states, in part, that contracts must include provisions such as compliance with Executive Order (E.O.) 11246 of September 24, 1965, entitled "Equal Employment Opportunity (EEO)," as amended by E.O. 11375 of October 13, 1967, and supplemented by the requirements of 41 CFR Part 60.

Observation: Our review of SBETA's subrecipient contract with the San Bernardino Valley College concluded that it did not contain the required EEO contract provision.

Recommendation: We recommended that SBETA submit a corrective action plan to the Compliance Review Division stating how it will ensure that future contracts include the above contract provision and arrange to revise the contract with its current subrecipients.

SBETA Response: In its response SBETA stated that they have updated their subrecipient's contract package to include the required EEO contract provision. Additionally, SBETA has revised their contract with San Bernardino Valley College and provided a copy of the updated contract to CRD.

State Conclusion: The SBETA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, SBETA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80147.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is the SBETA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SBETA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Karen Fuller-Ware at (916) 653-4174.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Norma McKay, MIC 50
Lloyd Saito, MIC 50